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C South Vietnam: Sharp fighting was reported in several important sectors of South Vietnam on 25-26 February, as the current Communist offensive entered its fourth day.

North Vietnamese regulars, striking under cover of heavy supporting fire, assaulted two US Marine combat bases just south of the Demilitarized Zone in northern Quang Tri Province. Thirty-six Marines were killed and 97 wounded, while known enemy losses included 56 killed.

Allied forces also fought heavy engagements with Communist forces menacing the provincial capitals of Tam Ky in southern I Corps and Chau Doc city in the western delta. More than 300 enemy troops were killed in these two battles. In the highlands, however, enemy forces reportedly laid siege to Gia Nghia, the capital of Quang Duc Province, launching heavy ground attacks against it from all directions. Saigon and Hue remained free of enemy activity and, except for continuing reports of the infiltration of munitions and sapper personnel into the city, Da Nang was relatively quiet.

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The over-all character of the enemy's current operations remains basically unchanged after nearly four days of stepped-up action. The Communists have for the most part continued to emphasize widespread but generally light rocket and mortar attacks--occasionally accompanied by limited ground probes--against province and district capitals and allied military bases.

The actions have thus far been marked by the conservation of both manpower and ammunition, suggesting that the enemy may be carefully husbanding resources either for a much heavier round of fighting to come or to sustain the present type of action for some weeks. [] (Map)]

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[C] Berlin: Representatives of the West Berlin Senat have agreed to meet with East German officials today to discuss the presidential election scheduled to be held in West Berlin next week.

The proposal for the meeting in East Berlin was made orally to Senat officials yesterday by an East German emissary. The messenger also delivered East German Premier Stoph's reply to West Berlin Mayor Schuetz' letter proposing immediate talks on a pass agreement.

Stoph in his reply, as reported by the official East German news agency, repeated Pankow's original offer of 21 February to negotiate an Easter pass agreement if the West Germans first found a new site for their presidential election. This has been unacceptable to both Chancellor Kiesinger and Schuetz, who maintain that any pass agreement must be good for at least a year, and presumably cover all major holiday periods. In addition, they insist there must be firm agreement on passes prior to switching the site of the election.

This latest East German move has met with some skepticism in West Berlin. A high-ranking Senat official told the US Mission that if the East Germans are not prepared to go beyond the offer of wall passes at Easter there can be no basis for serious negotiations.

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West Germany: The West Germans are apparently still looking for an interpretation of the nonproliferation treaty which will keep open the possibility of a European nuclear force even prior to complete European federation.

A spokesman for the Bonn foreign office told US officials last weekend that the treaty should not bar Europeans from establishing a regional nuclear defense system, perhaps including ABMs and tactical nuclear weapons. He said that the Germans had no intention of proposing such a system, but observed that Bonn does not consider the so-called European option inconsistent with the treaty, despite the fact that Article 1 binds the signatories not to transfer nuclear weapons.

Most proponents of the treaty contend that Article 1 rules out the creation of a "Euro" deterrent except in the context of a fully federated Europe, whose military arms presumably would simply inherit the weapons of the federation's member states without violating the injunction against "transfer."

The German spokesman suggested, however, that Article 10 might be used to justify a collective European deterrent even under existing circumstances. Article 10 recognizes that the signatories may in "extraordinary circumstances affecting their security" take actions otherwise prohibited by the treaty.

Although the Germans apparently do not expect to get US approval of this interpretation during President Nixon's visit, they do look forward to some clarification of the US position. [redacted]

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Yugoslavia-USSR: Next month's Yugoslav party congress may bring a further deterioration in relations between Moscow and Belgrade.

Mijalko Todorovic, secretary of the Yugoslav party executive, has said that the congress, which opens on 11 March, will include a stronger condemnation of the Soviet invasion of Czechoslovakia than that set forth at the recent Italian party congress. He intimated that the Brezhnev doctrine of limited sovereignty will also come in for critical review.

Todorovic has invited New York Times correspondent Tad Szulc to Belgrade a few days before the congress to get a feel for "current trends in Yugoslavia." This action by a high Yugoslav party official is unusual. It suggests that Todorovic expects some stormy sessions at the congress and wants to ensure well-balanced coverage.

Yugoslavia has invited 81 parties or Socialist movements to send representatives to the congress; 41, the USSR not among them, have accepted to date. Todorovic believes that the Soviets may decline the invitation or that they may send a low-level delegation with instructions to walk out if Soviet policy is censured.

In contrast with the practice at previous congresses, foreign delegates will not be allowed to speak from the dais. The Soviet representative, if he wants to make a rebuttal, will be limited to written messages, which all delegations will be allowed to have published during the course of the congress. [redacted]

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Panama: There have been no significant reactions to Monday's palace coup that expelled a clique of dissident national guard officers headed by military chief of staff Martinez.

Martinez and three of his key supporters arrived in Miami early yesterday and promptly declined assignments to the Inter-American Defense Board--which they regard as a transparent form of political exile. Although there is a possibility that the disgruntled officers might attempt to make their way back to Panama, their chances of rallying military support for Martinez appear slim at this juncture.

In the meantime, guard commander Torrijos lost no time in telling the US ambassador that Martinez' departure was for the good of all concerned, including the US. Torrijos added that future reforms would not be "impetuous," and that some of the exiled oligarchs would be allowed to return.

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Congo (Brazzaville): President Ngouabi has broadened his attack on local moderates.

For the first time in its periodic denunciations of supposed oppositionists, the government radio has singled out individuals, naming a former interior minister and a recently sacked editor of the government news bulletin. Both have been arrested. The President urged party militants to increase the open surveillance of all "reactionary elements," even to the extent of following them into their homes.

Ngouabi also created a four-man army high command, consisting of himself, the chief of staff, and two political commissars, both of whom are radical leftists. This move apparently is designed to strengthen his control of the army, which has been increasingly attacked by government media for harboring "reactionaries."

Unverified press reports of a coup attempt on 24 February appear to stem from the Brazzaville leadership's efforts to whip up public concern and support, as well as to bring further pressure on moderate elements.

The inflammatory rhetoric used by the President and Radio Brazzaville could trigger renewed vigilante excesses by youth and party radicals. Such actions might ultimately get out of hand and seriously weaken the stability of Ngouabi's military-dominated government. [redacted]

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Czechoslovakia: Differences of opinion are sharpening over the issue of management and control in Czechoslovak enterprises.

The trade unions are insisting that managers should be appointed by the workers' councils, which they claim should also have a greater role in decision-making. They charge that the government, in an effort to retain central authority, is supporting manager-dominated industrial enterprises at the expense of workers' authority.

The struggle currently centers on a proposed Enterprises Act, scheduled for enactment in April. The labor unions have threatened to drop their support of the economic reform if an earlier, more liberal version of this bill is not enacted.

Although this struggle obscures the fact that enterprises would receive greater autonomy under this act, labor dissatisfaction with the workers' role in enterprise management may force the government to make additional changes before the draft bill is enacted.

Some labor unions are also calling for legislation giving them the right to strike. Since the Soviet invasion, the unions have become increasingly assertive. [redacted]

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USSR-Japan: The USSR and Japan have concluded a protocol this week calling for a modest increase in the planned level of total trade this year to \$700 million.

Although the protocol again calls for balanced trade, this is probably unrealistic inasmuch as the Soviet failure to purchase sufficient Japanese goods has resulted in an exchange heavily in favor of the USSR. Japan presumably will continue its efforts to narrow this imbalance, which amounted to \$284 million last year.

The first exports of Japanese machinery for the development of Siberian timber resources will be made this year. Japan also is to purchase increasing quantities of Soviet raw materials, such as timber, coal, and metallic ores.

The USSR has remained Japan's principal Communist trading partner since 1967, when it took over Communist China's previously leading position. Last year, trade with the USSR was less than three percent of Japan's total trade. [redacted]

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Czechoslovakia: Yesterday's suicide-by-fire in Prague's Wenceslaus Square was said to be in protest against political retrogression that has followed the occupation. The act obviously was committed for dramatic effect on the anniversary of the 1948 Communist coup in Czechoslovakia. Although this suicide is not likely to generate widespread public disturbances or precipitate a political crisis as did the Palach affair in mid-January, it might hurt Dubcek's efforts to curb the conservative extremists. Czechoslovak security forces probably will be alerted, but the population has been more or less inured to such incidents by over 30 self-immolation attempts. [redacted]

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Argentina: President Onganía has authorized the purchase of 12 Canberra light jet bombers from Britain. Delivery will begin in mid-1970. This purchase will be part of a modernization program being conducted by all three Argentine services. Argentina's acquisition of the Canberras is likely to cause air force chiefs in Brazil and Chile to press their governments for new aircraft. [redacted]

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